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UNCLAS SECTION 01 OF 02 NDJAMENA 000085

SIPDIS

SENSITIVE

STATE FOR AF/C

STATE FOR EAP/CM

STATE FOR AF/RSA - MAZEL, GRIESMER, BOWLES

STATE FOR S/USSES

OSD FOR DASD HUDDLESTON

NSC FOR GAVIN

LONDON FOR POL - LORD

PARIS FOR POL - BAIN AND KANEDA

ADDIS ABABA ALSO FOR AU

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SUBJECT: CHAD: CHINESE ENGAGEMENT AND POTENTIAL AREAS FOR COOPERATION

REF: STATE 10152

**¶1.** (U) Following paras provide answers to reftel request for information on Chinese engagement in Chad in advance of the U.S-China sub-regional dialogue to be held in Washington March 4.

**¶2.** (SBU) China's major investment in Chad is in oil exploration and refining. In 2008 the China National Petroleum Company, operating as a 60 per cent partner in a joint venture with the Chadian National Hydrocarbon Company (40 per cent), began building a refinery north of N'Djamena. The facility is expected to produce 20,000 barrels a day once it becomes fully operational. The initiative aimed initially at supplying Chad's internal petroleum requirements. In 2009 new oil fields being developed with Chinese assistance showed promise of having sufficient yield that a quantity of oil is likely to be exported, perhaps through an existing Esso-Chad pipeline across Cameroon to ports on the coast. The pipeline-sharing arrangement, if it comes to fruition, will require that the Chinese-Chadian joint venture adhere to Esso's high standards of environmental protection and financial transparency.

**¶3.** (SBU) Chinese firms are also engaged in cement production, road-paving and reconstruction of Chad's National Assembly, destroyed in rebel attacks in 2008. Cement workers are the only Chinese laborers to have been accused by local Chadians of exploitative practices and disregard for the customs of citizens dwelling near their area of operation. Although Chadians speak disparagingly of the quality of Chinese products in markets, and suspect that China is dumping consumer merchandise of too low a quality to attract current buyers in the country of origin, general attitudes toward the Chinese are relatively positive in Chad. Road workers with Chinese firms operating in N'Djamena seem to be viewed with gratitude -- not surprising given the state of Chad's transportation network. Chadians appear eager to patronize a recently-arrived team of Chinese medical experts (some traditional and some Western-oriented) who have set up shop in a Chinese-built and run hotel in N'Djamena. Chadians turn out in force at the numerous Chinese restaurants here. President Deby uses a private room in one of N'Djamena's longest-established Chinese (actually Taiwan) restaurants to

entertain state visitors.

**¶4.** (SBU) Our current Chinese Embassy contacts are presentable and personable. They speak good French, engage actively in P-5 initiatives, and seem not to disdain Chad for its many problems or to regret their lives in this rather austere diplomatic community. On October 1, 2009, the Chinese Ambassador delivered a speech -- widely carried in the local media -- stating that his nation sought to move beyond its previous lack of transparency in assistance provision and to coordinate openly with other donors and with Chadians at all levels to ensure that Chinese investments and aid served Chad's needs and meshed with activities of the rest of the international community. The Chinese Ambassador has since spoken several times with us and with French and EU counterparts to emphasize that he is interested in gathering information on what educational and health projects his nation could usefully undertake to complement initiatives already under way through the sponsorship of other donors.

**¶5.** (SBU) The Chinese Ambassador has made clear to us that his nation seeks stability and better governance in Chad -- two goals we share. He has also offered that his nation doubts the value of democracy in Chad and elsewhere, and that in his view, a communist party would do Chad much good. The Chinese Ambassador has expressed concern that Chadian elections, if not carried out in an acceptable manner, could provoke dissatisfaction and destabilization -- in order to help ensure that Chad's 2010 electoral process is credible, China has decided to contribute USD 250,000 to the operating

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budget of the Independent Electoral Commission (CENI). The notion of China helping to fund an election has provoked some surprise, but no opposition, on the part of democratic representatives here.

**¶6.** (SBU) Beyond its current projects, China seems interested in helping Chad with basic education, girls' education, scientific education, Chinese language teaching, and medical assistance, including in infant and maternal health, malaria treatment and treatment of diarrheal diseases. The Chinese have also told us that they would be willing to help Chad's agricultural sector, but its problems are so numerous that they don't know where to start. No current U.S.-China joint projects are under way as of yet, but we think there is potential in any of the areas above.

**¶7.** (SBU) Chad has had relations variously with China and Taiwan over the years, and President Deby has been known to express nostalgia for the quality of Taiwan-made goods. Deby has also referred in both more and less direct statements to concerns that China's long-standing close relations with Sudan imply that it is not a neutral player in Chad. We do not share this perception. As for Taiwan, some of its investors remain here in private capacities, and a Taiwan construction firm left as the island's legacy the one major bridge across the Chari River, known locally as the Taiwan Bridge. (Two parallel rivers divide Chad from Cameroon, so the Taiwan bridge is Chad's lifeline to the most stable of its neighbors, and one with a coastline.) This seems not to bother our Chinese counterparts, who have never sought to engage with us on Taiwan's status, Tibet or other points of contention in the U.S.-China relationship.

**¶8.** (U) Minimize considered.

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